Decline in interest rates on small savings

†2808. SHRI ABU ASIM AZMI: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the fact that senior citizens are suffering heavy losses due to decline in the rates of interest on long term deposits in the banks and the post offices;

(b) if so, the details thereof;

(c) whether Government are considering to bring down the rates of interest on the small savings further;

(d) if so, the reasons therefor; and

(e) whether Government have taken or propose to take steps to increase the rates of interest on the small savings in the banks and post offices to encourage the common men and senior citizens to save invest?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (e) In the recent years, the interest rates on various small savings schemes have been reviewed and rationalised in the larger interest of the economy so as to enable an overall lower interest rate regime. Despite the rationalisation, the returns on various small savings instruments have continued to be higher than the returns available on the other comparable savings instruments in the market.

At the same time, Government is sensitive to the concerns of the senior citizens. A Senior Citizens Savings Scheme, 2004, has been launched with effect from 2nd August, 2004 with a higher than market rate of interest of nine per cent per annum. Public sector banks are also offering higher interest rates on fixed deposits of the senior citizens.

No changes in the interest rates on the small savings schemes, have been made after March 01, 2003.

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†Original notice of the question was received in Hindi.